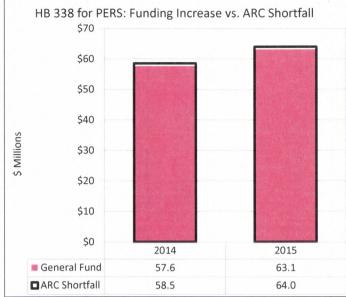


HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

www.leg.mt.gov/css/fiscal Primary Sponsor: Keith Regier

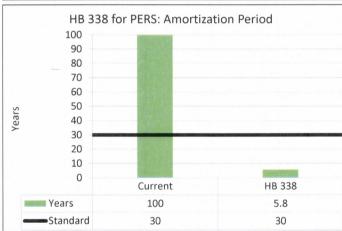


Annual Required Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

The increased funding provided by HB 338 for PERS nearly addresses the ARC shortfall.

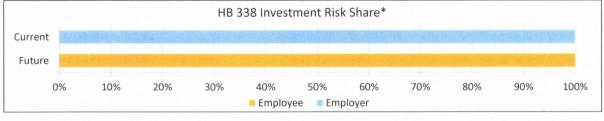


Amortization Period

The goal is to have the amortization period for the PERS unfunded liability less than or equal to 30 years.

The funding increase and reduced benefits proposed by HB 338 for PERS reduces the amortization period from infinite to 5.8 years in 2014. Please see the fiscal note for details on the fluctuating amortization period.

The unfunded PERS liability currently does not amortize; however, the amortization period is set at 100 years for graphing.



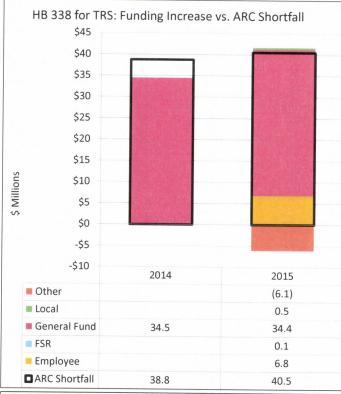
Other comments:

The fiscal note and corresponding actuarial analysis of this bill used the OBPP revenue estimate for coal severance tax. The official legislative revenue estimate contained in SJ 2 has a lower projection of coal severance tax revenue by about \$2 million per year. This fact should be considered by the committee when comparing the various funding options.

* According to MCA 19-3-315 (b), the contributions of some employees may be increased to maintain the amortization schedule of the system. To the extent that this is actually done, investment risk is then currently shared with those active employees.

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

Primary Sponsor: Keith Regier

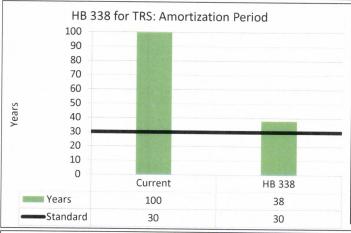


Annual Required Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

The increased funding provided by HB 338 for TRS addresses a significant portion of the ARC shortfall.

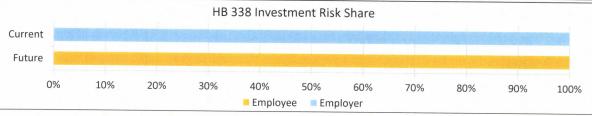


Amortization Period

The goal is to have the amortization period for the TRS unfunded liability less than or equal to 30 years.

The funding increase and reduced benefits proposed by HB 338 for TRS reduces the amortization period from infinite to about 38 years in 2014.

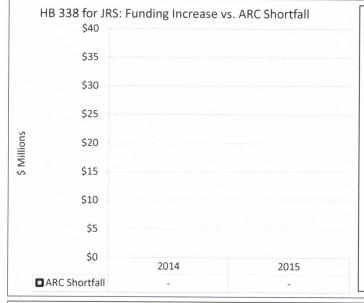
The unfunded TRS liability currently does not amortize; however, the amortization period is set at 100 years for graphing purposes.



Other comments:

Primary Sponsor: Keith Regier

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

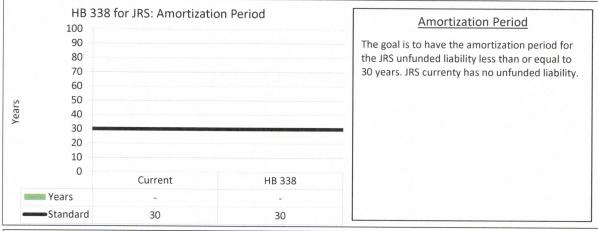


Annual Required Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

There is no increase in funding provided by HB 338 for JRS as there is no ARC shortfall in the system; in fact, the system is currently overfunded.

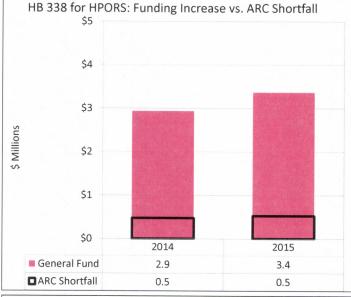




Other comments:

Primary Sponsor: Keith Regier

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

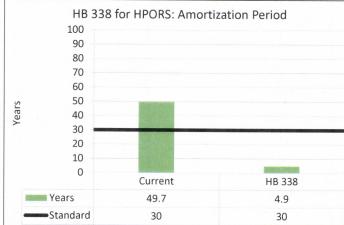


Annual Requied Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

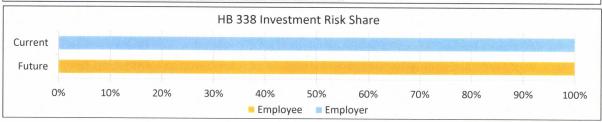
The funding provided by HB 338 for HPORS exceeds the ARC shortfall in the 2015 biennium.



Amortization Period

The goal is to have the amortization period for the HPORS unfunded liability less than or equal to 30 years.

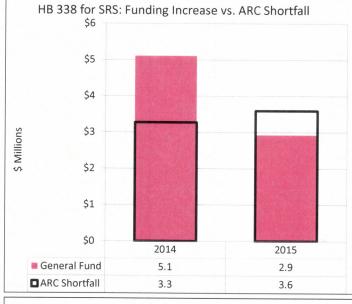
The funding increase and reduced benefits proposed by HB 338 for HPORS reduces the amortization period from 49.7 to 4.9 years in 2014.



Other comments:

Primary Sponsor: Keith Regier

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

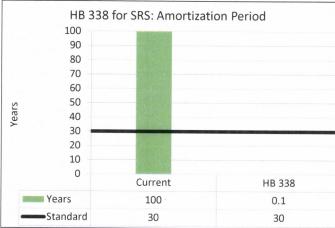


Annual Requred Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

The funding provided by HB 338 for SRS exceeds the ARC shortfall in the 2015 biennium.



Amortization Period

The goal is to have the amortization period for the SRS unfunded liability less than or equal to 30 years.

The funding increase and reduced benefits proposed by HB 338 for SRS reduces the amortization period from infinite to 0.1 years in 2014. Please see the fiscal note for details on the fluctuating amortization period.

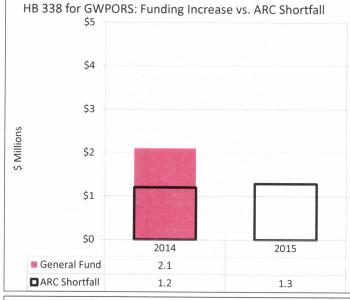
The unfunded SRS liability currently does not amortize; however, the amortization period is set at 100 years for graphing purposes.



Other comments:

Primary Sponsor: Keith Regier

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

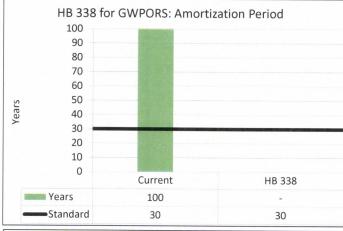


Annual Requied Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

The funding provided by HB 338 for GWPORS exceeds the ARC shortfall in 2014 and is then discontinued due to its fully funded status.



Amortization Period

The goal is to have the amortization period for the GWPORS unfunded liability less than or equal to 30 years.

The funding increase and reduced benefits proposed by HB 338 for GWPORS reduces the amortization period from infinite to 0 years in 2014. Please see the fiscal note for details on the fluctuating amortization period.

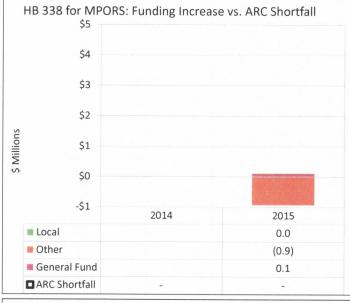
The unfunded GWPORS liability currently does not amortize; however, the amortization period is set at 100 years for graphing purposes.



Other comments:

Primary Sponsor: Keith Regier

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

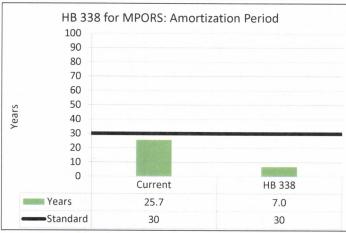


Annual Requied Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

HB 338 for MPORS provides for a reduction in the statutory appropriation, thereby decreasing the annual funding for the system. MPORS does not have an ARC shortfall.



Amortization Period

The goal is to have the amortization period for the MPORS unfunded liability less than or equal to 30 years.

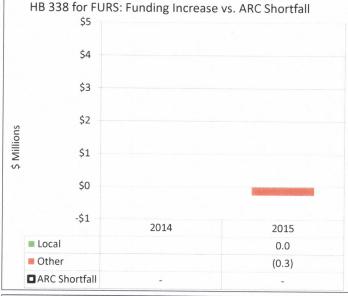
MPORS is currently amortized over 25.7 years. The funding increase and reduced benefits proposed by HB 338 for MPORS reduces the amortization period to 7 years in 2014. Please see the fiscal note for details on the fluctuating amortization period.



Other comments:

Primary Sponsor: Keith Regier

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan

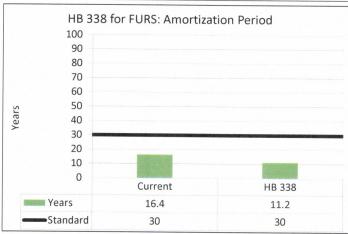


Annual Requred Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

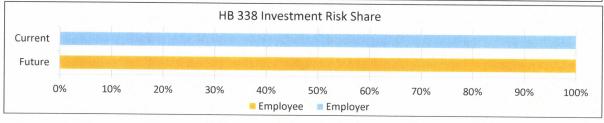
HB 338 for FURS provides for a reduction in the statutory appropriation, thereby decreasing the annual funding for the system. FURS does not have an ARC shortfall.



Amortization Period

The goal is to have the amortization period for the FURS unfunded liability less than or equal to 30 years.

FURS is currently amortized over 16.4 years. The funding increase and reduced benefits proposed by HB 338 for FURS reduces the amortization period to 11.2 years in 2014.



Other comments:

Primary Sponsor: Keith Regier



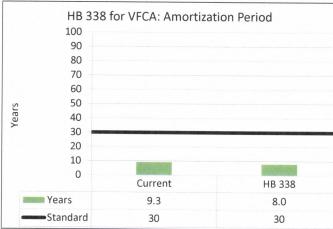


Annual Required Contribution (ARC)

HB 338 closes all plans to future employees as of July 1, 2014. All new hires after this date would participate in a state wide defined contribution plan. The bill also eliminates GABA for all current and future retirees as of January 1, 2014.

Funding is provided by statutory appropriations from coal severance tax revenues and the general fund. In addition, employers would contribute 3% of new hires' compensation toward the amortization of the unfunded liability until the systems are fully funded.

HB 338 for VFCA provides for a reduction in the statutory appropriation starting in FY 2016, thereby decreasing the annual funding for the system. VFCA does not have an ARC shortfall.



Amortization Period

The goal is to have the amortization period for the VFCA unfunded liability less than or equal to 30 years.

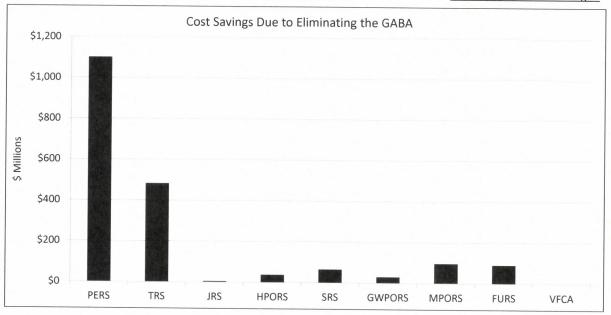
VFCA is currently amortized over 9.3 years. The funding increase by HB 338 for VFCA reduces the amortization period to 8 years in 2014.

VFCA currently does not have a GABA, so benefits are not reduced.



Other comments:

HB 338: Provide Funding for Pension Debts; All New Hires to DC Plan



Total cost savings or reduction in liability due to eliminating the GABA is \$1,904 million.

